



Pro Bono

Transaction of the Year

The Big Apple Circus, Ltd.

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Founded in 1977, the Big Apple Circus is a venerated cultural institution of New York City, renowned for its critically-acclaimed performances and dedicated community programs. In the aftermath of the Great Recession, the Circus' annual income from earned revenue and donor contributions slowed dramatically. Despite the Circus' best efforts to cut costs and raise funds, in 2016 it was ultimately forced to cancel its fall performance season for the first time in its history.

Debevoise advised the Circus on a pro-bono basis regarding various restructuring alternatives, working with the board and management team to decide how to both maximize value for creditors and honor the nonprofit mission. When the Circus decided the best option was an orderly wind-down in chapter 11, during which it could sell its major assets and transition its community programs to other nonprofits, its advisors jumped into help without charge. Through two successful sales – the private sale of the Circus' real property in Walden, New York, and the public auction of its performance-related assets – the Circus was resurrected in the hands of a new owner just in time for the 40th anniversary season.

Moreover, these sales funded meaningful distributions under the Circus' confirmed chapter 11 plan, which provides for payment in full of all allowed secured and priority claims as well as a nearly 15 percent recovery to unsecured creditors – substantially more value than was anticipated at the start of the case, and a dramatic improvement over the near-zero recoveries that would have resulted without the significant pro-bono efforts.

The Circus' case provides a striking example of what can be accomplished when community members, professionals, philanthropists, and employees of a nonprofit all work together, aided by the Bankruptcy Code and the oversight of a constructive creditors' committee and regulators, to make the best of a challenging situation and salvage every bit of value for the benefit of all constituents.